

65A-6-4 Mineral leases -- Multiple leases on same land -- Rentals and royalties -- Lease terms.

- (1)
 - (a) Mineral leases, including oil, gas, and hydrocarbon leases, may be issued for prospecting, exploring, developing, and producing minerals covering any portion of state lands or the reserved mineral interests of the state.
 - (b)
 - (i) Leases may be issued for different types of minerals on the same land.
 - (ii) If leases are issued for different types of minerals on the same land, the leases shall include stipulations for simultaneous operations.
 - (c) No more than one lease may be issued for the same resource on the same land.
- (2)
 - (a) Each mineral lease issued by the division shall provide for an annual rental of not less than \$1 per acre per year.
 - (b) However, a lease may provide for a rental credit, minimum rental, or minimum royalty upon commencement of production, as prescribed by rule.
- (3) The primary term of a mineral lease may not exceed:
 - (a) 20 years for oil shale and tar sands; and
 - (b) 10 years for oil and gas and any other mineral.
- (4) The division shall make rules regarding the continuation of a mineral lease after the primary term has expired, which shall provide that a mineral lease shall continue so long as:
 - (a) the mineral covered by the lease is being produced in paying quantities from:
 - (i) the leased premises;
 - (ii) lands pooled, communitized, or unitized with the leased premises; or
 - (iii) lands constituting an approved mining or drilling unit with respect to the leased premises; or
 - (b)
 - (i) the lessee is engaged in diligent operations, exploration, research, or development which is reasonably calculated to advance development or production of the mineral covered by the lease from:
 - (A) the leased premises;
 - (B) lands pooled, communitized, or unitized with the leased premises; or
 - (C) lands constituting an approved mining or drilling unit with respect to the leased premises;and
 - (ii) the lessee pays a minimum royalty.
- (5) For the purposes of Subsection (4), diligent operations with respect to oil, gas, and other hydrocarbon leases may include cessation of operations not in excess of 90 days in duration.

Amended by Chapter 294, 1994 General Session